

FISCAL NOTE

Bill #: HB0665

Title: Create uninsured motorist identification program and database

Primary Sponsor: Gallik, D

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	FY 2004 Difference	FY 2005 Difference
Expenditures:		
General Fund	\$0	\$0
State Special Revenue	\$334,325	\$582,827
Revenue:		
General Fund	\$5,625	\$5,625
State Special Revenue	\$605,569	\$1,029,599
Net Impact on General Fund Balance:	\$5,625	\$5,625

<input type="checkbox"/> Significant Local Gov. Impact	<input checked="" type="checkbox"/> Technical Concerns
<input type="checkbox"/> Included in the Executive Budget	<input checked="" type="checkbox"/> Significant Long-Term Impacts
<input checked="" type="checkbox"/> Dedicated Revenue Form Attached	<input type="checkbox"/> Needs to be included in HB 2

Fiscal Analysis

ASSUMPTIONS:

Department of Justice

Motor Vehicle Division

1. This bill creates the uninsured motorist identification program and allows the Department of Justice to contract with a designated agent to establish and maintain a database for the purposes of the program.
2. Section 10 of the bill contains a statutory appropriation of \$1,325,000 for January 1, 2004 through June 30, 2005. The statutory appropriation for each fiscal year thereafter is for \$850,000. The statutory appropriation is in the uninsured motorist identification restricted account (state special revenue).
3. Based on the registrations and re-registrations processed in FY 2002 for motor vehicles subject to Title 61, Chapter 3, MCA, and assuming the historical growth of 2.1% remains constant, it is estimated that the number of vehicles registrations would be:

Fiscal Note Request HB0665, As Introduced
(continued)

	FY 2002 (Actual)	FY 2003 (Estimated)	FY 2004 (Estimated)	FY 2005 (Estimated)
Jul.-Dec. (40%)	386,452	394,567	402,853	411,313
Jan.-Jun. (60%)	580,914	593,113	605,569	618,286
Total	967,366	987,680	1,008,422	1,029,599

4. Effective January 1, 2004, this bill assesses a \$1.00 uninsured motorist identification fee on the registration and re-registrations of each motor vehicle subject to registration or re-registration under Title 61, Chapter 3, MCA.
5. Therefore, revenues for this state special revenue account are projected to be \$605,569 in FY 2004 and \$1,029,599 in FY 2005 for a total of \$1,635,168 for the period January 1, 2004 through June 30, 2005 and will fund the statutory appropriation mentioned in assumption two.
6. Mandatory liability insurance protection is required for each motor vehicle as defined in 61-1-102, MCA. It is not required for motorcycles, quadricycles, off-highway vehicles, recreational trailers, and non-recreational trailers. In FY 2002 approximately 699,344 vehicles required to carry mandatory liability insurance were registered in Montana. Assuming the historical growth of 2.1% remains constant, it is projected that approximately 714,030 motor vehicles required to carry insurance would be registered in FY 2003; 729,025 in FY 2004; and 744,334 in FY 2005.
7. A contract would be established with a private entity ("agent") through a request for proposal process in compliance with state policies. Based upon information available, costs to contract with an agent to establish and maintain an uninsured motorist database, track notices from insurance carriers of cancellations and non-renewals, issue the notification letters, and provide information to update the motor vehicle system would be approximately \$0.75 on each motor vehicle required to show proof of insurance upon registration or an estimated cost of \$280,965 in FY 2004 and \$558,251 in FY 2005. (vehicles registered January through June 2004=374,620 x \$0.75/vehicle registered) (vehicles registered July 2004=744,334 through June 2005 x \$0.75/vehicle registered). The total cost of the contract during the January 2004 through June 2005 period is estimated to be approximately \$839,216.
8. A half-time FTE will be needed to process the estimated 16,000 to 17,000 suspensions and reinstatements that would be generated as a result of this bill. Personal services would increase \$6,023 in FY 2004 and \$12,046 in FY 2005. (Grade 8 at \$24,091 x 0.25 FTE in FY 2004 and 0.50 FTE in FY 2005)
9. The division would absorb costs for the rule making procedures. Operating costs will increase approximately \$14,581 in FY 2004 and \$12,530 in FY 2005 for network connection, telephone, computer processing time, postage, supplies, and rent.
10. Administrative costs would increase \$42,756 in FY 2004 for programming and computer processing related to accounting for fees, providing driver license and motor vehicle registration information to the agent, and establishing a process to receive suspension/reinstatement data from the vendor.
11. Based on these assumptions, excess statutory authority will exist in the amount of \$244,431 in FY 2004, and \$295,401 in FY 2005.
12. Excess state special revenue will total \$271,244 in FY 2004, and \$446,772 in FY 2005 and the interest earnings will be deposited to the general fund.

Highway Patrol Division

13. The Montana Highway Patrol issued 2,534 citations regarding registrations in FY 2002.
14. The MHP assumes it will issue roughly 10 percent or 250 more citations each year.
15. New revenue totals \$11,250 per year.
16. The revenue will equally be distributed between local governments and the state general fund.

Fiscal Note Request HB0665, As Introduced
(continued)

FISCAL IMPACT:

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
Department of Justice		
Program 12 – Motor Vehicle Division		
FTE	0.25	0.50
<u>Expenditures:</u>		
Personal Services	\$6,023	\$12,046
Operating Expenses	<u>338,302</u>	<u>570,781</u>
TOTAL	\$344,325	\$582,827
<u>Funding of Expenditures:</u>		
State Special Revenue (02)	\$344,325	\$582,827
<u>Revenues:</u>		
State Special Revenue (02)	\$605,569	\$1,029,599
Montana Highway Patrol		
<u>Revenues:</u>		
General Fund Revenue (01)	\$11,250	\$11,250
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund Revenue (01)	\$5,625	\$5,625
General Fund to Counties	\$5,625	\$5,625
State Special Revenue (02)	\$261,244	\$446,772

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Local governments will annually receive \$5,625 in additional revenue from the citations issued by the Montana Highway Patrol.

LONG-RANGE IMPACTS:

From FY 2006 through FY 2008 the bill provides a statutory state special revenue appropriation of \$850,000 for the Department of Justice to administer the database created in this bill. Interest earnings will be deposited to the general fund.

TECHNICAL NOTES:

1. In Section 6, Subsection (3) of the bill, the county treasurers are required to forward the collected fees to the state treasurer. Under current law the county treasurers forward vehicle registration fees to the Department of Revenue. If Section 6, Subsection (3) were changed to reflect current law, Section 10, Subsection (2) would also need to be modified by deleting the reference to state treasurer, and inserting the Department of Revenue.
2. The suspension of the motor vehicle registration would be electronic only. There is no provision for physically obtaining the registration receipt/license plates from a vehicle owner not in compliance. This may become an issue for law enforcement.

Fiscal Note Request HB0665, As Introduced
(continued)

DEDICATION OF REVENUE:

- a) Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain) The uninsured motorist registry will promote a higher level of coverage for all individuals traveling on Montana's roadways as well as positive affects on the medical and insurance industries.
- b) What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund? The state special revenue fund will allow accurate tracking of revenues and expenditures specifically related to the uninsured motorist registry.
- c) Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? ☒X Yes ☐No (if no, explain)
- d) Does the need for this state special revenue provision still exist? ☒X Yes ☐No (Explain)
- e) Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain) This will allow the accurate accounting and auditing of transactions related to the uninsured motorist registry.
- f) Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain) Yes, separate accounting will assist in identification of the funds received for this specific purpose and will be useful in determining the successful effective measure of the purpose of this bill.
- g) How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?) Using the special revenue account established by this bill will assist in the accurate accounting for all revenues and expenditures for the uninsured motorist registry.